



Department of Justice

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FOUR FOREIGN EXECUTIVES OF LEADING EUROPEAN VITAMIN FIRMS AGREE TO PLEAD GUILTY TO PARTICIPATING IN INTERNATIONAL VITAMIN CARTEL

Executives to Plead Guilty, Serve Time in U.S. Prisons, and Pay Substantial Fines

WASHINGTON, D.C. -- Three former executives of BASF AG and one former executive of F. Hoffmann-La Roche Ltd. agreed to plead guilty, serve time in U.S. prisons, and pay criminal fines for their roles in an international conspiracy to suppress and eliminate competition in the vitamin industry, the Department of Justice announced today.

In four separate criminal cases filed in U.S. District Court in Dallas, the Department of Justice charged two Swiss nationals--Andreas Hauri and Dieter Suter--and two German nationals--Reinhard Steinmetz and Hugo Strotmann--with conspiring with unnamed co-conspirators to fix, raise, and maintain prices, and allocate the sales volumes of vitamins sold in the U.S. and elsewhere. The cases also charge that the conspirators allocated contracts for vitamin premixes for customers throughout the U.S. and rigged the bids for those contracts. The conspiracy lasted from January 1990 until February 1999 and affected the vitamins most commonly used as nutritional supplements or to enrich human food and animal feed--vitamins A, B2, B5, C, E, and beta carotene. Vitamin premixes, which are used to enrich breakfast cereals and numerous other processed foods, also were affected by the conspiracy.

“These cases represent a ‘clean sweep’ for the Division--we will have obtained convictions and U.S. prison terms of the high-level BASF and Hoffmann-La Roche business executives responsible for the vitamin conspiracy,” said Joel I. Klein, Assistant Attorney General in charge of the Department’s Antitrust Division. “The prison sentences that will be imposed

against these foreign executives sends the strongest possible deterrent message -- if you violate U.S. antitrust laws and victimize American businesses and consumers, we will hold you individually accountable and will seek tough sentences.”

Former BASF Fine Chemicals Division Presidents Reinhard Steinmetz and Dieter Suter, former BASF Group Vice President Hugo Strotmann, and former Hoffmann-La Roche Fine Chemical and Vitamin Division Marketing Director Andreas Hauri each have agreed to submit to the jurisdiction of the federal court in Dallas. Hauri, a citizen of Switzerland, has agreed to serve a four-month prison term and pay a \$350,000 fine. Steinmetz, a German citizen and resident, has agreed to serve a prison term of three and one-half months and pay a fine of \$125,000. Suter, a Swiss citizen and resident, and Strotmann, a citizen and resident of Germany, each have agreed to serve three months in prison and pay a fine of \$75,000.

Hauri is the third former senior Hoffmann-La Roche executive to be charged in the government’s continuing investigation of illegal collusive practices in the international vitamin industry. On May 20, 1999, Hoffmann-La Roche pleaded guilty to the same conspiracy and was sentenced to pay a record \$500 million criminal fine. On that same day, Dr. Kuno Sommer, former Director of Worldwide Marketing for Hoffmann-La Roche’s Vitamin and Fine Chemical Division, also was charged with participating in the vitamin cartel and lying to Department investigators in 1997 in an attempt to cover up the conspiracy. Dr. Sommer, a Swiss citizen and resident, pleaded guilty to the charges and was sentenced on July 23, 1999, to a four-month prison term and a \$100,000 fine. On October 29, 1999, Dr. Roland Brönnimann, also a Swiss citizen and resident, and former President of the Vitamin and Fine Chemical Division of Hoffmann-La Roche, pleaded guilty to participating in the vitamin conspiracy. He was sentenced to a five-month prison term and fined \$150,000.

Suter, Steinmetz, and Strotmann are the first individuals charged with participating in the illegal vitamin cartel on behalf of their former employer, BASF. On September 17, 1999, BASF pleaded guilty to participating in the vitamin conspiracy and was sentenced to pay a criminal fine of \$225 million.

Steinmetz was President of BASF's Fine Chemicals Division at the beginning of the conspiracy in January 1990 and remained involved in the conspiracy until his departure from the company in March 1996. Suter succeeded Steinmetz as President of the Fine Chemicals Division and continued BASF's participation in the vitamin conspiracy until February 1999. Strotmann joined the ongoing conspiracy in January 1995 in his capacity as BASF's Group Vice President responsible for marketing vitamins for the Fine Chemicals Division. His participation continued until February 1999. Hauri, Hoffmann-La Roche's former Director of Worldwide Marketing in the Fine Chemical and Vitamin Division, was involved in the vitamin cartel from its inception in January 1990 until February 1999.

According to the charges filed today, each of the individuals joined and participated in the conspiracy between BASF, Hoffmann-La Roche, and their cartel partners to suppress and eliminate competition in the U.S. and elsewhere. From January 1990 until February 1999, one or more of the executives engaged with counterparts at other unnamed co-conspirators in:

- #agreeing to fix and raise prices on vitamins A, B2, B5, C, E, beta carotene, and vitamin premixes;
- #agreeing to allocate the sales volumes and market shares of such vitamins;
- #agreeing to divide contracts to supply vitamin premixes to customers in the U.S. and rigging the bids for those contracts; and
- #participating in meetings and conversations to monitor and enforce adherence to the agreed-upon prices and market shares.

"These four executives were instrumental in establishing and perpetuating the largest and most far-reaching cartel ever prosecuted by the Antitrust Division," said Klein. "Without the

active support and participation of these executives, the vitamin conspiracy never would have been implemented, let alone in such an organized and effective manner.”

Including today’s cases, the Antitrust Division has prosecuted 18 cases resulting from the ongoing investigation of the worldwide vitamin industry, seven of which charged foreign nationals. Each of the individuals is charged with violating Section One of the Sherman Act, which carries a maximum penalty of three years imprisonment and a \$350,000 fine for individuals. The fine may be increased to twice the gain derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

The investigation is being conducted by the Antitrust Division’s Dallas Field Office and the Federal Bureau of Investigation in Dallas.

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